

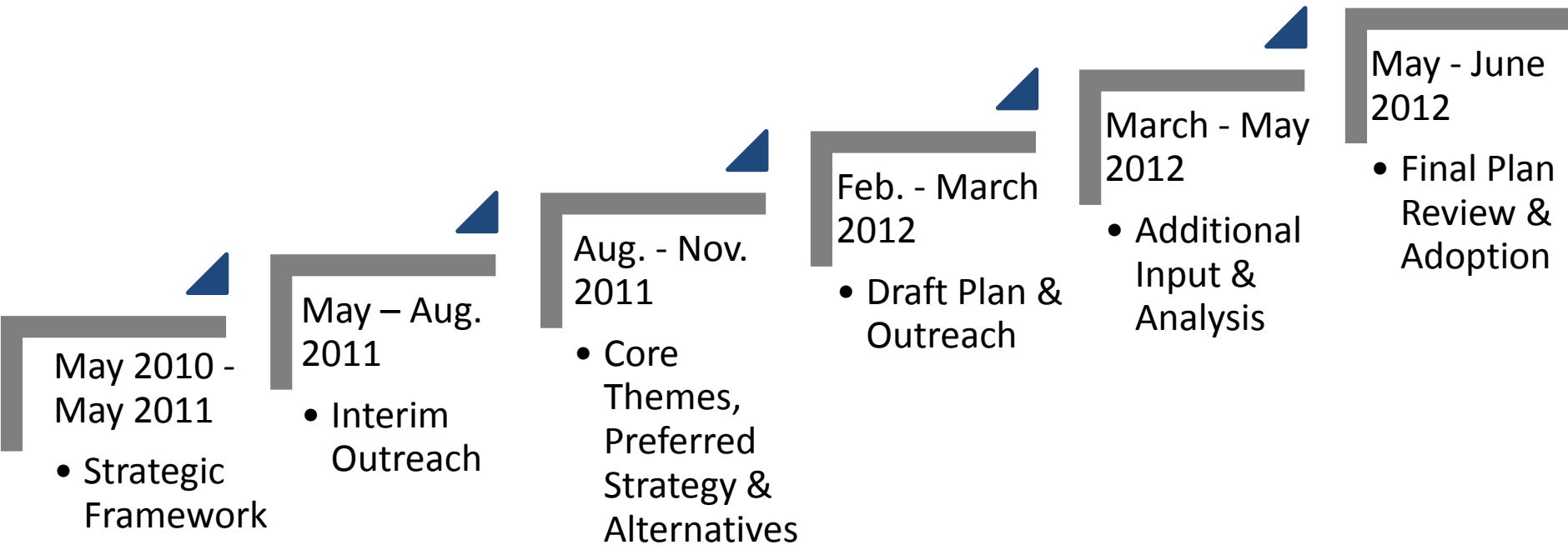
Seattle City Light 2013-2018 Strategic Plan

Your Power Future



Strategic Planning Process

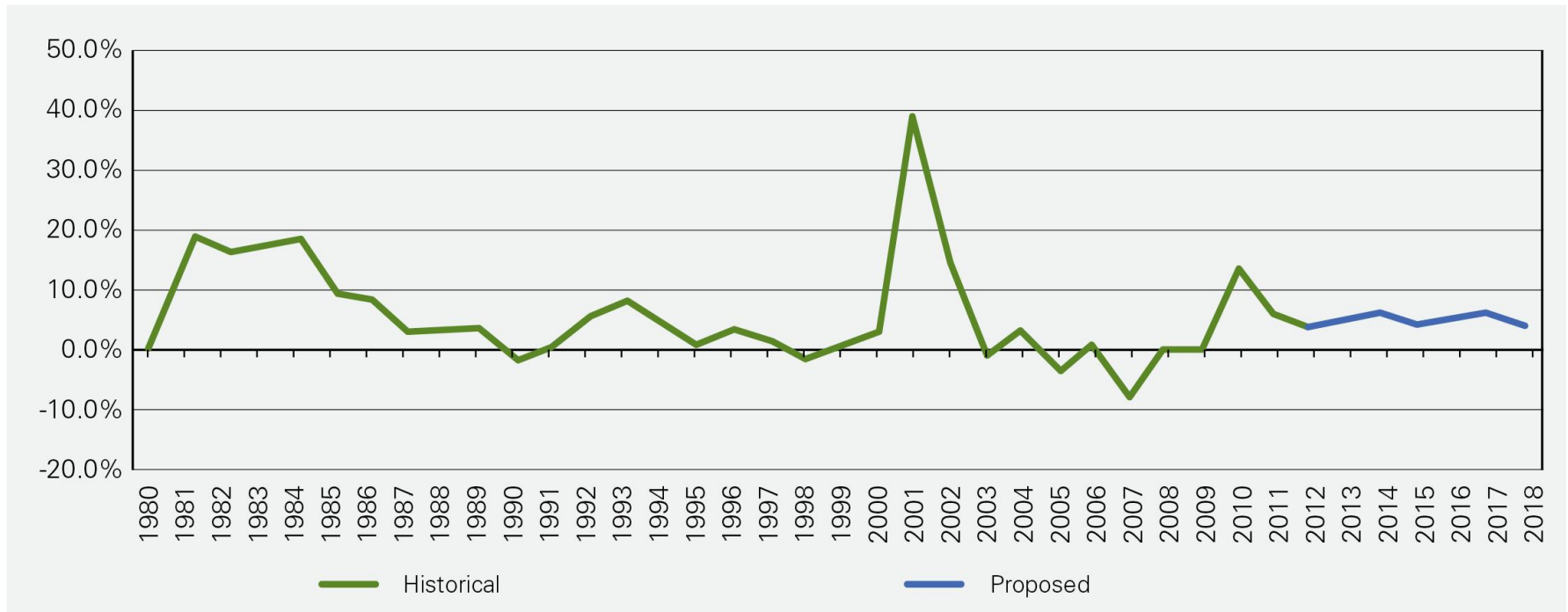
- Two-year effort launched by City Council and Mayor
- May 2010 appointment of Review Panel
- Extensive community and stakeholder input



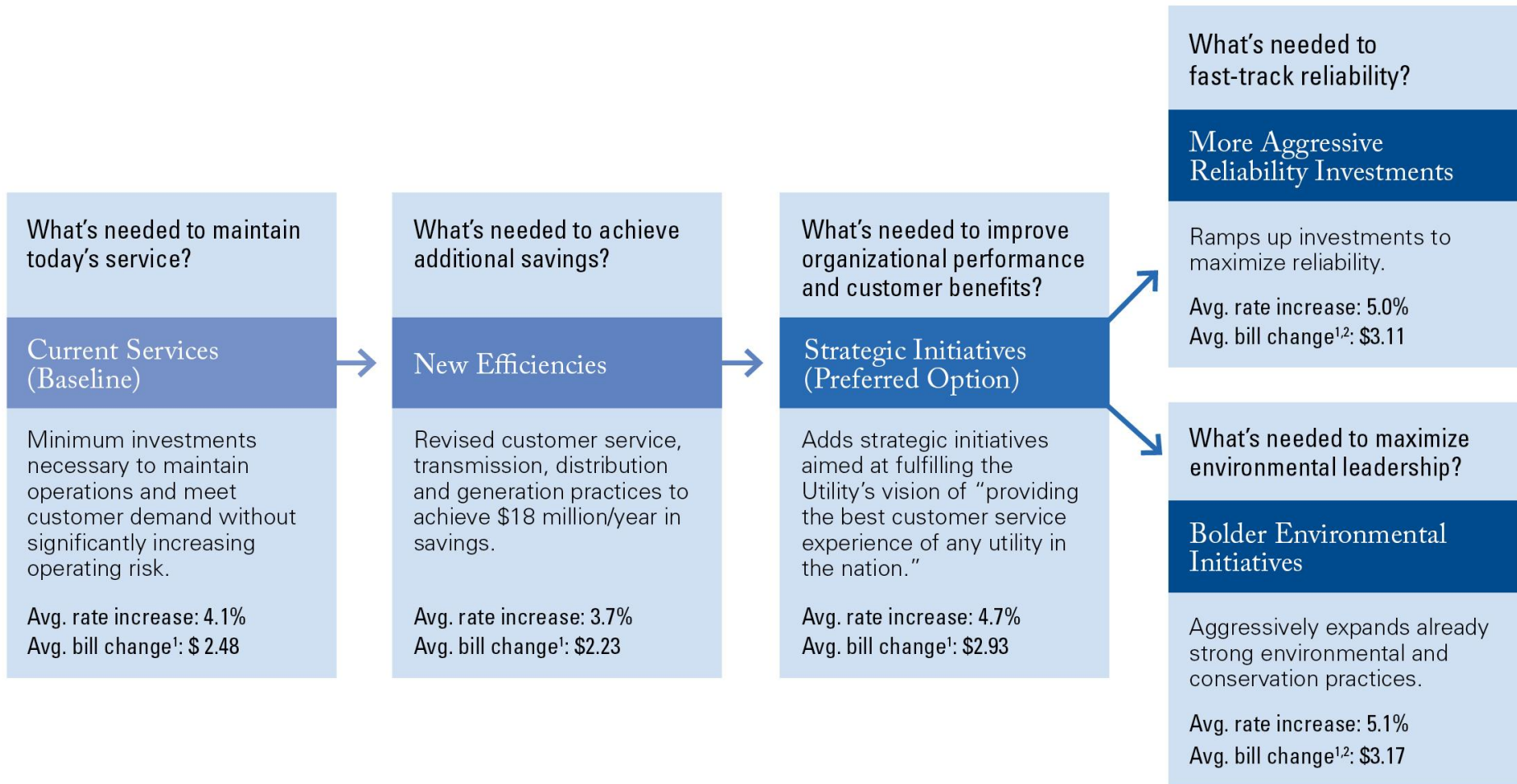
Why a Strategic Plan?

- Framework to guide decisions
- Results-focused
- Rate predictability and accountability
- Updated every two years
- Annual reports

Seattle City Light Historical Rate Increases *(not inflation adjusted)*



Components of the Preferred Option



¹ Average change in monthly residential bill. For rate impacts on other customer classes please visit www.seattle.gov/light/strategic-plan

² The More Aggressive Reliability Investments and Bolder Environmental Initiatives paths could be pursued together, with an average annual rate increase of 0.7 percent.

Current Level of Service (Baseline)

- Defines current level of service assumptions
- Outlines minimum level of investments to maintain operations and meet customer demand without significantly increasing operating risk
- 4.1% average annual residential rate increase
 - Debt service (52%)
 - O&M, taxes, other (30%)
 - Power costs (18%)

New Efficiencies

- Builds on current level of service and envisions even more efficiency (\$18M/yr.)

Type of Efficiency	Annual Savings
Revised transmission, distribution and generation practices	\$15 million
Improved project management on capital projects	\$985,000
Modified cost allocation and service level agreements	\$360,000
IT application enhancements (security and internal controls)	<i>(avoided loss of \$100,000 per incident)</i>
Improved work processes (billing, credit/collection, procurement, fleet management, street-use permitting, online security)	\$1,655,000
Total	\$18 million

Strategic Initiatives (Preferred Option)

- Builds on current level of service and new efficiencies
- Adds strategic investments to meet future needs
- 4.7% average annual residential rate increase

Strategic Initiatives Objectives

1. Improve customer experience and rate predictability
2. Increase workforce performance and safety practices
3. Enhance organizational performance
4. Continue conservation and environmental leadership

Improve Customer Experience and Rate Predictability



Strategic Initiative Examples

North downtown substation

Reduce reliance on net wholesale revenue

- Improving and ensuring continued system reliability
- Improving customer interface and info. exchange
- Improving efficiency of legacy hydroelectric generation assets
- Providing greater rate predictability and transparency

Increase Workforce Performance and Safety Practices



- Improving workforce safety
- Attracting and retaining skilled workers
- Investing more in employee training
- Increasing workforce flexibility and efficiency

Strategic Initiative Examples

Safety culture promotion/practices

Skilled workforce attraction & retention

Enhance Organizational Performance



Strategic Initiative Examples

IT security upgrades
Efficiencies initiatives

- Reporting on progress
- Benchmarking and process improvements
- Improving external procurement process and supplier performance
- Replacing outdated technology and filling gaps
- Monitoring and revising fiscal policies to ensure continued strength

Continue Conservation and Environmental Leadership



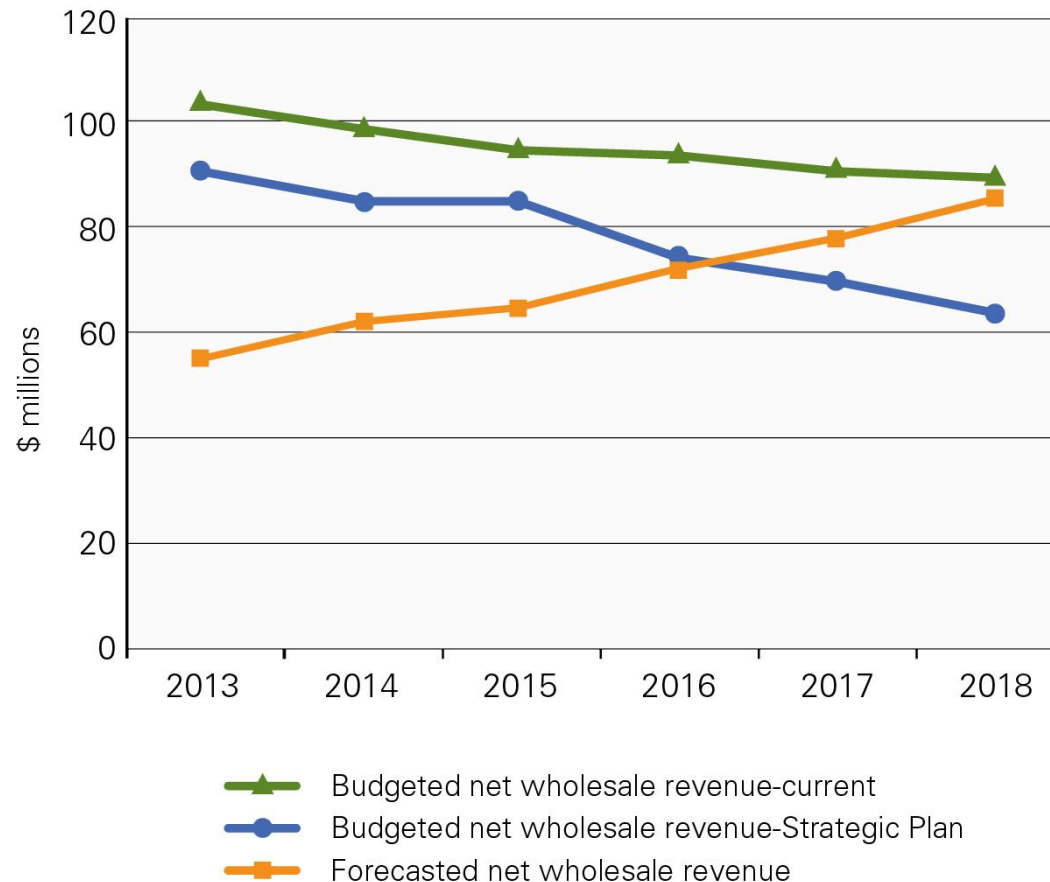
Strategic Initiative Examples

Environmental liability reductions
Conservation enhancement program

- Improving the effectiveness of deploying conservation dollars; expanding program offerings and customer partnership opportunities
- Researching impact of climate change on our operations and developing a plan to reduce or mitigate those impacts
- Improving vegetation management incorporating ecological approaches and preserving more tree canopy
- Reducing environmental liability

Net Wholesale Revenue Initiative

(\$ millions)



- Gradual reduction in reliance on net wholesale revenue to fund utility expenses
- Reduces exposure to weather and price volatility
- Reduces likelihood of rate surcharges
- Increases customer rate predictability

Preferred Option Recommendation

Best positions Seattle City Light to achieve its vision:

Providing the best customer experience of any public utility in the nation

Funds several critical initiatives with important benefits:

Initiative	Customer Benefits
NoDo substation	Flexibility and reliability
Advanced metering infrastructure	Flexibility and reduced costs
New wholesale revenue target adjustment	Predictability and saves money
Workforce investments	Productivity and customer service
Additional environmental investments	Environmental stewardship

Rate Impacts

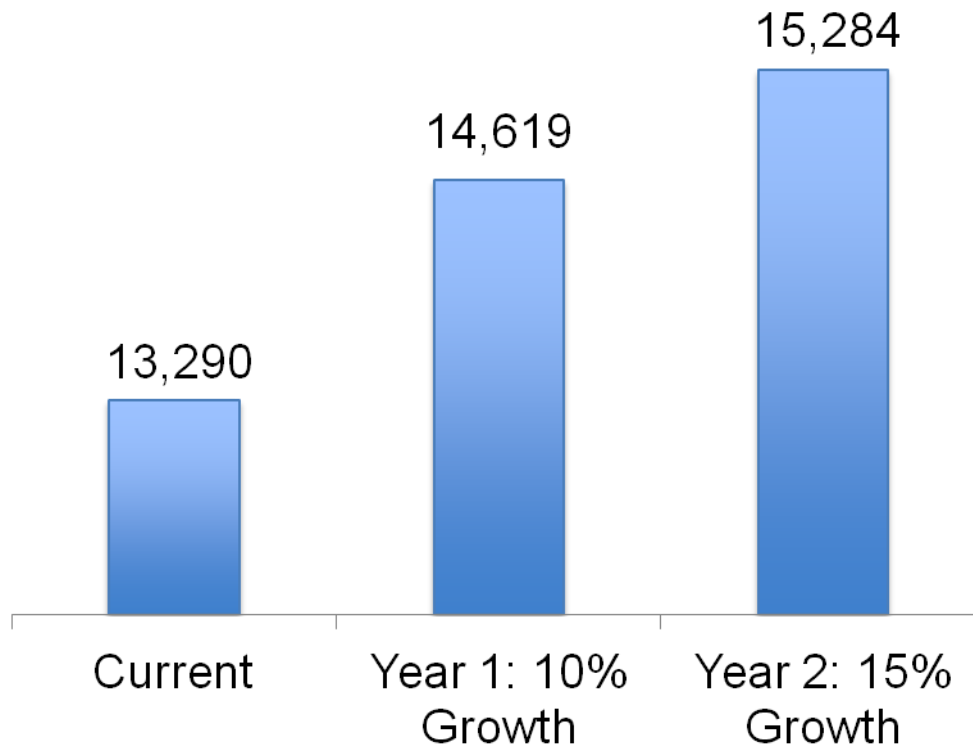
2013-2018 Strategic Plan Rate Estimates*

	2013	2014	2015	2016	2017	2018	Average
Annual Rate Increase	4.4%	5.6%	4.1%	4.8%	5.3%	3.9%	4.7%
Change in Residential Monthly Bill	\$2.42	\$3.20	\$2.50	\$3.04	\$3.54	\$2.72	\$2.90
Change in Residential Annual Bill	\$29.07	\$38.43	\$30.03	\$36.53	\$42.45	\$32.64	\$34.86

*Average change in monthly residential bill. For rate impacts on other customer classes, City Light will post additional information online at: www.seattle.gov/light/strategic-plan.

Rate Impact Mitigation

Expanding Existing Rate Assistance Program



- Expand participation in existing rate assistance program
- Promote conservation programs
- Assist customers with payment plans
- Address potential barriers to participation

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